



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

December 15, 2010

Matthew Davis, Treasurer
Associations Inc. PAC/Associa PAC
5401 N. Central Expressway, Suite 300
Dallas, TX 75205

Response Due Date:
January 19, 2011

Identification Number: C00413856

Reference: July Monthly Report (6/01/10 – 6/30/10)

Dear Treasurer:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **Failure to adequately respond by the response date noted above could result in an audit or enforcement action.** Additional information is needed for the following 2 item(s):

1. Commission Regulations require that a committee discloses the identification of all individuals who contribute in excess of \$200 in a calendar year. (11 CFR § 104.3(a)(4)(i)) Identification for an individual is defined as the full name (first name, middle name or initial, if available, and last name; initials for first and last name are not acceptable), complete mailing address, **occupation**, and name of employer. (11 CFR § 100.12) Your report discloses contributions from individuals for which the identification is not complete.

You must provide the missing information, or you are unable to do so, you must demonstrate that "best efforts" have been used to obtain the information. To establish "best efforts," you must provide the Commission with a detailed description of your procedures for requesting the information. Establishing "best efforts" is a three-fold process.

First, your original solicitation must include a clear and conspicuous request for the contributor information and must inform the contributor of the requirements of federal law for the reporting of such information. (11 CFR § 104.7(b)(1)) See 11 CFR § 104.7(b)(1)(B) for examples of acceptable statements regarding the requirements of federal law.

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Second, if the information is not provided, you must make one follow-up, stand alone effort to obtain this information, regardless of whether the contribution(s) was solicited or not. This effort must occur no later than 30 days after receipt of the contribution and may be in the form of a written request or an oral request documented in writing. (11 CFR § 104.7(b)(2)) The requests must:

- clearly ask for the missing information, without soliciting a contribution;
- inform the contributor of the requirements of federal law for the reporting of such information, and
- if the request is written, include a pre-addressed post card or return envelope.

Third, if you receive contributor information after the contribution(s) has been reported, you should either a) file with your next regularly scheduled report, an amended memo Schedule A listing all the contributions for which additional information was received; or b) file on or before your next regularly scheduled reporting date, amendments to the report(s) originally disclosing the contribution(s). (11 CFR § 104.7(b)(4))

Please amend your report to provide the missing information or a detailed description of your procedures for requesting the information. For more information on demonstrating "best efforts," please refer to the Campaign Guide.

2. Schedule A supporting Line 11(a)(i) of your report discloses contributions received through what appears to be a payroll deduction plan. Please amend your report to disclose the frequency of the deduction and amount deducted per pay period. 11 CFR §104.8(b) Please refer to the enclosed sample of properly reported payroll deductions.

Please note, you will not receive an additional notice from the Commission on this matter. Adequate responses must be received by the Commission on or before the due date noted above to be taken into consideration in determining whether audit action will be initiated. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action. **Requests for extensions of time in which to respond will not be considered.**

Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you should have any

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questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 5 to reach the Reports Analysis Division) or my local number (202) 694-1162.

Sincerely,

A handwritten signature in black ink, appearing to read 'David Butler', enclosed within a large, hand-drawn oval.

David Butler
Campaign Finance Analyst
Reports Analysis Division

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[SAMPLE]

Completing FEC Form 3X

Payroll Deductions

SCHEDULE A (FEC Form 3X) ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one) <table border="1"> <tr> <td><input checked="" type="checkbox"/> 11a</td> <td><input type="checkbox"/> 11b</td> <td><input type="checkbox"/> 11c</td> <td><input type="checkbox"/> 12</td> </tr> <tr> <td><input type="checkbox"/> 13</td> <td><input type="checkbox"/> 14</td> <td><input type="checkbox"/> 15</td> <td><input type="checkbox"/> 16</td> </tr> <tr> <td><input type="checkbox"/> 17</td> <td></td> <td></td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> 11a	<input type="checkbox"/> 11b	<input type="checkbox"/> 11c	<input type="checkbox"/> 12	<input type="checkbox"/> 13	<input type="checkbox"/> 14	<input type="checkbox"/> 15	<input type="checkbox"/> 16	<input type="checkbox"/> 17			
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Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.															
NAME OF COMMITTEE (In Full) Critical Reason Inc. PAC															
Full Name (Last, First, Middle Initial) A. <u>Karl Immanuel</u>		Date of Receipt payroll deduction* <input type="text"/> / <input type="text"/> / <input type="text"/>													
Mailing Address <u>3 Critiques Ave.</u>		Amount of Each Receipt this Period <input type="text"/> <u>90.00</u>													
City <u>Konigsburg</u> State <u>VA</u> Zip Code <u>33333</u>		(\$15.00 biweekly)**													
FEC ID number of contributing federal political committee. <u>C</u>															
Name of Employer <u>Critical Reason Inc.</u>		Occupation <u>Brand Manager</u>													
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		Aggregate Year-to-Date <input type="text"/> <u>285.00</u>													

*Adding Extra Text/Explanation: When using FECFile electronic filing software, this information can be entered using the "memo text" window. To make a memo text entry, select the "view" menu on the FECFile toolbar. Select All Transactions. Single click (highlight) the transaction to which the memo text will be attached. Then select the "Edit" menu on the toolbar and select "Memo Text".

**When using FECFile electronic filing software enter this information in the "description" field.

If the *in-kind* contribution must be itemized on Schedule A, then it must also be itemized on a Schedule B for operating expenditures. See the illustration on page 56.

Appreciated Goods

When a committee receives an *in-kind* contribution whose value may appreciate over time, such as stock or artwork, special reporting rules apply:

- Itemize the initial gift, if necessary, as a *memo entry* on Schedule A (see "When to Itemize Receipts," on page 53). Under "Amount," report the fair market value of the contribution on the date the item was received. Do not include that amount in the total for Line 11(a)(i) on the Detailed Summary Page.
- Once the item is sold, report the sale price as a *contribution* on Line 11(a)(i) if the purchaser is known or as an "other receipt" on Line 15 if the purchaser is unknown.

Itemize the transaction on Schedule A if necessary. 104.13(b). See also AO 1989-6.

By June 30 (the closing date for the July quarterly report), 13 pay periods have passed, and the manager's aggregate contributions are \$195—still below the \$200 itemization threshold. The manager's second-quarter contributions again are included in "unitemized contributions" in the July report.

By September 30 (the closing date for the October quarterly report), 19 pay periods have passed, and the manager's contributions reach \$285. Now the committee itemizes the total contributions received from the manager during the third quarter (\$90), providing the year-to-date total in the appropriate space. (See the illustration above.)

In-Kind Contributions

When determining whether to itemize an *in-kind* contribution received, follow the same guidelines listed above under "When to Itemize Receipts." See page 9 for information on how to determine the dollar value of an *in-kind* contribution.

In addition, add the value of the *in-kind* contribution to the operating expenditures total on Line 21(b) (in order to avoid inflating the cash-on-hand amount). 104.13(a)(2).

Joint Contributions

A *joint contribution* is made by a single check that bears two signatures. A check with one signature may also be a *joint contribution* if an accompanying form or letter, signed by both contributors, instructs the committee to treat it as a *joint contribution*. (A check drawn on a joint bank account but signed by only one person does not qualify as a *joint contribution*. Attribute the full amount of such a check only to the person who signed it. Alternatively, a contribution may be sought using the procedures described below.)

For the purposes of itemization, report a *joint contribution* as though the joint contributors had given separately.

A *joint contribution* is itemized in items A and B in the illustration on page 57. In this case, the committee received a \$1,000 check from a married couple, signed by both spouses. Because there were no

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